

Message Text

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43

ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 L-02 INR-07 TRSE-00 STR-01 COME-00

AGR-05 CEA-01 CIAE-00 DODE-00 FRB-03 H-01 INT-05

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

TAR-01 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01 /085 W

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R 131053Z FEB 75

FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC 8219

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E.O. 11652: N/A

TAGS: EINV, ETRD, UY

SUBJ: COUNTRY ELIGIBILITY FOR GSP UNDER SECTION 502(B)(4) AND (6)

REF: A) STATE 22693; B) MVD 8732 OCT 26, 1970

1. THE EMBASSY IS AWARE OF ONLY ONE CASE IN URUGUAY WHICH RELATES TO ELIGIBILITY FOR DESIGNATION TO RECEIVE GSP BENEFITS UNDER TITLE V OF THE TRADE ACT OF 1974. IN 1968 THE GOU ISSUED A DECREE EXPROPRIATING THREE MEAT-PACKING PLANTS OWNED BY CHARLES A.SAYOUS, A USCIT RESIDENT IN SANDS POINT, N.Y. THE EXPROPRIATION DECREE FOLLOWED SEVERAL YEARS OF INCREASING LABOR AND FINANCIAL PROBLEMS AND THE PLANTS HAD NOT OPERATED FOR TWO YEARS PRIOR TO THE DECREE. AN "INTERVENTOR" COMMITTEE WAS APPOINTED WHICH STILL EXISTS AND WHICH MEETS REGULARLY. THE EXPROPRIATION DECREE HOWEVER WAS NEVER IMPLEMENTED AND MR. SAYOUS RETAINS TITLE TO THE PLANTS. REF B PROVIDES LISTING OF PREVIOUS TRAFFIC THIS CASE.

2. SAYOUS FILED SUIT IN THE URUGUAYAN COURTS ASKING THAT THE EXPROPRIATION DECREE BE SET ASIDE, BUT THE CASE HAS NOT COME TO A DECISION. THE GOU HAS, IN THE YEARS SINCE THE EXPROPRIATION DECIDE, APPARENTLY ABANDONED ITS INTENTION TO EXPROPRIATE THE

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SAYOUS PROPERTIES.

3. EVEN WHERE THE EXPROPRIATION DECREE SET ASIDE, THE ISSUE IS COMPLICATED BY THE VERY LARGE DEBTS OWED TO NUMEROUS CREDITORS BY CHARLES A. SAYOUS, INC. AND WHICH WAS ORIGINAL REASON FOR THE PLANTS CLOSURE AND INTERVENTION. THE BANK OF THE REPUBLIC HAS CONSOLIDATED HIS DEBTS AND IS APPARENTLY WILLING TO RETURN THE PROPERTY UPON REACHING MUTUALLY SATISFACTORY ARRANGEMENTS FOR PAYMENT OF THE DEBTS. IN LATE 1973 MR. SAYOUS' REPRESENTATIVES IN URUGUAY INFORMED THE EMBASSY THAT THEY BELIEVED AGREEMENT WOULD BE REACHED SHORTLY AND EMBASSY ASSISTANCE WAS NOT REQUIRED. AGREEMENT WAS NOT REACHED AND THE ISSUE REMAINED QUIESCENT THROUGHOUT EARLY 1974. IN JULY MR. SAYOUS MADE A NEW OFFER TO THE BANK. THE BANK MADE A COUNTEROFFER AND IN DECEMBER SAYOUS MADE ANOTHER OFFER WHICH APPARENTLY IS STILL BEING CONSIDERED.

5. THE EMBASSY DOES NOT BELIEVE THAT MR. SAYOUS DIFFICULTIES HERE REPRESENT AN EXPROPRIATION OR AN ACTION HAVING THE SAME EFFECT, PARTICULARLY SINCE NEGOTIATIONS ARE STILL IN PROGRESS. SAYOUS HAS RECENTLY WRITTEN THE EMBASSY INFORMING US OF THE DETAILS OF HIS LATEST OFFER, AND WE PLAN TO DISCUSS THE MATTER AGAIN WITH HIS LOCAL REPRESENTATIVES AND APPROPRIATE OFFICIALS OF THE BANK.

6. GDS
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Message Attributes

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